THE FINANCIAL FORECAST FOR THE TRIENNIUM BEGINNING WITH

1920-21

Opinion of the Council.

The Financial Forecast for the Triennium beginning with 1920-21 as agreed to in Council and as given in the appended memorandum of the Financial Secretary explaining the details may be adopted.

Memorandum.

As agreed to in Council.

The statement submitted by the Financial Secretary was considered by the Council. The estimates of revenue under all the heads except (1) Assigned Tract Revenue and (2) Railways - Net receipts, were considred reasonable. The following alterations were ordered to be made in the estimate under the latter two heads :-

(1) Reduction of the Assigned Tract Revenue from 7 lakhs to 5 lakhs in each year, and

(2) Increase of the annual growth of revenue from Railways fro 1½ lakhs to 2 lakhs.

Taking the expenditure in the triennium at the standard of the budget for the current year and the revenue according to the forecast as revised above, the position will be as under.

	1920-21	1921-22	1922-23
Deficit	9,31	21.29	23.13

It was considered that it was impossible to main tain the standard of expenditure at a stationary level for three years and that at least the following increase were quite necessary :-

	1920-21.	1921-22.	1922-23.	Remarks.
Excise	50	50	50	For the second instalment of re-organization.
Medical	100	200	300	For the expansion of Medl. relief at the rate of one lakh per annum.
Agriculture and Sericulture	50	100	150	For every necessary improvements and developments at ₹ 1 lakh each year.
Education	200	400	600	For giving effect to some of the most urgent measures proposed in the Reductional Memorandum at 2 lakhs per annum.
Total	400	750	11,00	

A condition of deficit in the triennium is inevitable, and it is chiefly due to the following causes.-

(1) The serious reduction in the purchasing power of money and the consequent substantial additon to expenditure on salaries of low-paid servants of all departments and on the purchase of materials of various kinds required for the different departments. The high prices allowance sanctioned for officers on pay not exceeding Rs 100/- alone costs about 5 lakhs.

(2) The rise in exchange and the consequent reduction in the silver yield of sterling revenues.

(3) The reduction in the revenue of the Assigned Tract from about 10 lakhs to about Rs 5 lakhs.

As regards the financial policy to be followed, there are two courses open, either

(1) to allow the dificit as calculated above to remain until the time when the returns from the large investments in productive works are realized and applied for reducing the deficit, or

(2) to adopt immediate measures for curtailing expenditure for balancing the budget.

The adoption of the second alternative is undesirable as it means a serious set back to administration. The first alternative is the only course open but steps have to be taken to increase the revenue from sources like Land Revenue which are capable of improvement and ~~of~~ for effecting all possible economies in expenditure with a view to reduce the deficit as far as possible.

III. TRIENNIAL FORECAST.

Statement No. 5 in two parts is a forecast of the financial position in the three years commencing with the current year The firstpart contains the figures, by groups of Heads and the second part by Major Heads. In framing this forecast the following important assumptions have been made.:-

(i) The growth of revenues shown in columns No. 5 and 7 of the statement will be realised.

(ii) The annual surpluses of the Assigned Tract will be received in full,

(iii) There will be no large growth of expenditure in the triennum.

(iv) The addition of a lakh of Rupees is necessary for extension of the Judicial Reform scheme.

(v) The annual grant to the University is taken at 9 lakhs.

(vi) The arrears contribution to the Irrigation Capital Reserve is omitted in all the three years.

(vii) The arrangement of equalising the annual charge on the Revenue account for loss on account of interest on investments in productive works in their initial nonpaying stages by means of a reserve fund for the purpose is omitted. Under the present settlement, the annual contribution from Revenue for three years was taken at Rs 9 lakhs and the annual loss to be met from it at Rs4 lakhs

(viii) The annual allotment to the new Guests' Palace is taken at Rs 5 lakhs.

(ix) The amount to be borrowed for financing capital works in the triennium is taken at Rs 2½ ~~lakhs~~ crores. This amount is not likely to be found sufficient if the estimate for the Iron Works will be raised substantially as is likely owing to the cost of tramways having been taken in the original estimate at an extremely low figure.

The net result in each of the years is as under :-

1920-21	-47,31
1921-22	--1979
1922-23	-22,13

The deficit of Rs 22,13 in the third year shows the real position after taking into account all the items of revenue on which we can reasonably count and all the items of expenditure for which provision is necessary on the scale of present commitments. The smaller edicits in the first two years of the triennium are chiefly due to the temporary aid derived from departmental balances and accumulated reserve

Statement

FORECAST OF THE FINANCIAL POSITION IN THE EAST.

Receipts.	Budget Estimate 1920-21	Standard 1920-21	Standard 1921-22	Standard 1922-23
Principal Heads of Revenue	2,48,06	2,59,01	2,63,32	2,67,63
Surplus Revenue of Assigned Tract.	8,00	7,00	7,00	7,00
Mining Revenue	10,00	13,00	13,00	13,00
Interest	9,27	7,60	7,60	7,60
Civil Administration	1,61	1,86	1,89	1,93
Protection	1,11	77	79	81
Public Works	1,10	1,20	1,20	1,30
Moral and Material Development	3,04	2,10	2,30	2,50
Army and Defence	63	35	35	35
Railway-Revenue Account-Net Receipts	16,96	18,75	20,25	21,75
Productive Irrigation Works-Revenue Account net Receipts	3,18	2,78	2,93	3,08
Electrical Works-Revenue Account net-receipts	9,49	10,00	13,95	17,90
Industrial and other Works-Revenue Account Net Receipts	1,70	1,97	2,00	3,03
Total Revenue	3,15,15	3,26,39	3,36,58	3,49,77

No. 5

THREE YEARS CONTRASTED WITH 1920-21.
I.

Expenditure	Budget Estimate 1920-21	Standard. 1920-21	Standard. 1921-22	Standard 1922-23
Direct demands on Revenue	43,58	50.45	50,45	50,45
Charges against Mining Revenue	6,91	6,92	6,92	6,92
Interest and Sinking Funds	28,83	30,24	32,01	32,74
Palace	23,50	23,50	23,50	23,50
Civil Administration	60,90	40,59	36,09	36,09
Protection	36,25	43,05	44,05	44,05
Public Works	37,15	37,68	37,68	37,68
Moral and Material Development	59,16	64,50	66,50	66,50
Local Self-Government	7,75	7,87	7,87	7,87
Army and Defence	55,46	57,56	57,56	57,56
Famine Relief and Insurance	5,00	5,00	5,00	5,00
Miscellaneous Railway and Electrical expenditure	31	1,07	1,07	1,07
Special Reserve for Non-Recurring expenditure	27,83	3,50	3,50	3,50
Add-Unspent allotments transferred to balances at credit of Departments.	..	..	..	..
Total Expenditure	3,87,65	3,61,93	3,66,20	3,72,93
Deduct-Expenditure met from balances at credit of Dept. and Reserves	22,99	22,73	9,83	1,03
Total expenditure charged to Revenue.	3,24,66	3,33,70	3,56,37	3,71,90
Surplus plus or Deficit	-9,51	-7,31	-19,79	-22,13
Total	3,15,15	3,26,39	3,36,58	3,49,77

P A R T. II

Revenue.

	Budget 1920-21	Standard for Settlement Period					Remarks.
		Initial Standard. 1920-21	1921-22 Growth	Stand ard.	1922-23 Growth	Standard	
1	2	3	4	5	6	7	8	9
Principal Heads of Revenue.							
1. Land Revenue	110,00	112,00	1,00	113,00	1,00	114,00	
2. Forest	40,06	42,35	30	43,65	80	44,45	
3. Excise	72,00	77,00	2,00	79,00	2,00	81,00	Actual in 1919-20:72 lakhs increase in rents 1920 -21 about 5 lakhs.
4. Income and Mis. Taxes	6,50	8,30		8,30		8,30	
5. Stamps	14,50	15,86	43	16,29	43	16,72	
6. Registration	3,00	3,00	8	3,08	8	3,16	
	(income tax estimate not Gross estimate roughly 9 lakhs.)						
Total	248.06	259,01	431	263,32	4,31	167,63	
Surplus Revenue or Assigned Tract.							
7. Assigned tract Revenue	8,00	,00	7,66	7,00	..	7,00	
	Retained as the Govt. of India withholding order is expected to be withdrawn.						
8. Mining Revenue	10,00	13,00		13,00		13,00	
9. Interest	,27	7,60		7,60		7,60	
Civil Administration							
10. Scientific and Mis. Dept.	09	15		15		15	
11. Pensions and allowc.	15	15		15		15	
12. Stationary and Printing	01	30		30		30	
13. Miscellaneous	1,56	1,26	3	1,29	3	1,32	
Total	2,61	1,86	3	1,89	3	1,92	
Protection.							
14. Courts of law	69	45	2	47	2	49	
15. Jails	2	2		2		2	
16. Police	6	6		6		6	
17. Medical	30	20		20		20	
18. Sanitation and vaccination	4	4		4		4	
Total	1,11	77	2	79	2	81	

P A R T II (continued)

Revenue.

1	2	3	4	5	6	7	8	9
Public Works.								
19. Civil Works	1,10		1,20		1,20		1,20	
Moral and Material Developments.								
20 Economic Conference and Co-operative Socs.	1		1		1		1	
21. Education	1,73		1,10	20	1,35	20	1,55	
22. Agriculture	1,19		90		90		90	
23. Industries & Commerce	11		3		3		3	
Total	3,04		2,10	20	2,30	20	2,50	
ARMY AND MARINE.								
24. Army	63		35		35		35	
RAILWAYS REVENUE ACCOUNT.								
25. Railway net Reps.	16,96		18,75	1,50	20,25	1,50	21.75	
Productive Irrigation Works Revenue Account.								
26,Krishnaraja Sagara works Net receipts	3,18		2,78	15	2,93	15	3,08	
Electrical Works Revenue Account.								
26 Electrical works (net receipts)	9,49		10,00	3,95	13,95	17,90		
(VI. Installation Revenue 3,50 in 1921-22 7,00 in 1922-23)								
27. **Industrial and other works Revenue Account.**								
Sandal Oil Factories (n.r.)	1,31		1,00		1,00		1,00	
28 K.G.F. Water Works (N.R.)	-26		50		50		50	
29. Industrial Works Profits	65		47	3	50	3	53	
30. Iron Works					3,00	3,00	3,00	
Total	1,70		1,97	3	2,00	3,03	5,03	
Grand Total Revenue	315,15		326,39	10,19	336,58	13,19	349,77	

PART II. (Cont.)

Expenditure.

	Budget estimate 1920-21	Standard based on the budget for 20-21. Growth of Expdr. provided. 1920-21	1921-22	1922-23	Remarks.
1	2	3	4	5	6	7
Direct Demands on Revenue.						
1. Land Revenue	22,96		22,96	22,96	22,96	
2. Forest	13,98		13,98	13,98	13.98	
3. Excise	4,39		4,39	4,39	4,39	
4. Stamps	91		91	91	91	
5. Registration	1,28		1,28	1,28	1,28	
Total	43,52		43,52	43,52	43,52	
High Prices Allc.			6,93	6,93	6,93	
Charges Against Mining Revenue						
6. Capitalisation Fund	4,83		4,83	4,83	4,83	
7. Supervision of Mines	2,08		2,08	2,08	2,08	
Total	6,91		6,91	6,91	6,91	
High Prices Allc.			1	1	1	
Interest and Sinking Funds.						
8. Sinking Fund	3,33		4,08	4,75	6,79	Sinking Fund Contribution of 1,33 for loan of 1906 is not necessary from 1921-22 contribution of 8 lakhs for new loan not necessary Actuals of sinking funds calculated on present loan programme entered.
9. Interest on debt and other obligations	11,50		11,50	11,50	11,50	
10. Reserve for interest on Capital Expenditure.	3,00					Omitted in the standard.
Interest for new loan	..		6,69	9,76	14,45	Actuals calculated on the basis of the present programme of loan operations.
Total	33,83		30,24	26,01	32,74	

P A R T II (contd)

Expenditure.

1	2	3	4	5	6	7
Palace.						
11 Palace		23,50	23,50	23,50	2350	
Civil Administration						
12. General Adminstrn.	17,61	17,66	13,11	13,11	Special expdr. on Vice-roy's and Prince of Wales' visits included in 1920-21 omitted in the subsequent 3 years (4½ lakhs)	
13. Mazrai Insts.	3,60	3,60	3,60	3,60		
14. Scientific and Misc. Depat.	2,31	2,31	2,31	2,31		
15. Pensions and alloc.	9,10	9,10	9,10	9,10		
16. Stationery & Printing	5,14	5,14	5,14	5,14		
17. Miscellaneous Food Supply Establishment etc.	1,42 1,80	1,42 This is expected to cease before the close of this year.	1,42	1,42		
Total	40,98	39,18	34,68	34,68		
Grain Compensation and special allowances	20,00	For all groups in Budget distributed in standard.				
High Prices allowances		1,41	1,41	1,41		
Protection						
18. Courts of Law	10,83	10,83	11,83	11,83	1 lakh addn. for	
19. Jails	1,64	1,64	1,64	1,64	Judicial reform	
20. Police	13,26	13,26	13,26	13,26	scheme	
21. Medical	9,27	9,27	9,27	9,27		
22. Sanitation and Vaccination	1,25	1,25	1,25	1,25		
Total	36,25	36,25	37,25	37,25		
High Prices allowc.		6,20	6,80	6,80		
Public Works.						
23. Irrigation works charged to Revenue	9,65	9,65	8,65	8,65	Outlay on Bhadra project to be met out of irrigation reserve omitted in all the years.	
24. Civil works	27,50	27,50	27,50	27,50	Includes 5 lakhs for new Guests' Palace	
Total	37,15	36,15	36,15	36,15	No provision for irrigation Reserve in all the years.	
High prices allowence		1,53	1,53	1,53		

. P A R T II.(continued)

Expenditure.

1.	2.	3.	4	5	6	7
Moral and Material Development.						
25 Economic Confe	2,00	2,00	2,00	2,00		
26. Education	44,00	44,00	46,00	46,00	2 lakhs addition for the	
27. Agriculture	7,50	7,50	7,50	7,50	University.	
28. Industries and Commerce	3,00	3,00	3,00	3,00		
28.(a)Industrial development fund.	1,50	1,50	1,50	1,50		
29.Co-operative Societies	1,16	1,16	1,16	1,16		
Total	59,16	59,16	61,16	16,16		
High Price All.		5,34	- 5,34	5,34		
Local Self-Government.						
30.Grants for pub.impts.	7,75	7,75	7,75	7,75		
High prices allowance		19	19	19		
Army & Defence						
31. Army	20,46	20,46	20,46	20,46		
32.Subsidy to Pri.Govt.	35,00	35,00	35,00	35,00		
High Prices all.		2,10	2,10	2,10		
Total	55,46	55,46	55,46	55,46		
Famine Relief and Insurance.						
33. Famine Relief						
34. FamineInsurc.	5,00	5,00	5,00	5,00		
Miscellaneous Railways and Electrical Expenditure.						
35. Mis. Daily. expendtr.	21	21	21	21		
36 Mis.Ele.Expt.	10	10	10	10		
Total	31	31	31	31		
High Price alloc. of Rev.a/c of productive works.		76	76	76		

PART II (Contd)

Expenditure.

1	2	3	4	5	6	7.
Special Reserve for Nonrecurring Expdr.	27,83		3,50	3,50	3,50	In the standard provision is made only for the annual contribution to Reserve for Special non-recurring.
Add unspent allotments transferred to balance at credit of depts.			expenditure special items budget have been distributed among the groups.			included in the in the standard
Total Expenditure	387,65		3,61,93	3,66,20	3,72,93	
Deduct Expenditure met from Balance at credit of departments and Reserve funds.						
Departmental balances		15,82	15,82	~~15-~~		
Reserve for interest on capital expdr.		12,84	4,69	4,58		
Reserve for non-recurring expdr. special grant		34,33	5,00	50	50	450 on a/c of Viceregal and Prince of Wales' visit includes under General Administration.
			and miscellaneous .			50 census included under 14 scientifi assumed as for 1920-21.
Sinking Fund Reserve			2,72	4,75	4/33	
Total		69,99	28,23	9,83	2,03	
Total Expenditure charged to Revenue		324,66	3,33,70	3,56,37	3,71,90	
			-7,31			
Surplus or Deficit		-9,51	3,26	+19,79	-2?,13	
Grand Total		3,15,15	3,26,39	3,36,58	3,49,77	